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AUTHOR Amlung, Susan, Ed.
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ABSTRACT

This is a report by the Educational Priorities Panel (EPP), an independent watchdog group that monitors New York City's education budget, on the various budget cuts that the Board of Education has enacted during 1976-1980. Since 1976, the Board has executed a policy of supporting instructional rather than administrative services. When cuts were necessary, administrative or ancillary units were more frequently targeted than were instructional services. Budget and payroll data indicate that administrative staff has declined 16 percent while instructional staff has grown slightly since 1976. In the report, difficulties involved in obtaining accurate data from payroll and budget materials are detailed in an outline of the panel's methodology. Particular attention is paid to the development of the Board's 1980 budget; it is pointed out that there are discrepancies between the number of budgeted positions and the number of payroll positions. The report states, however, that the EPP feels more confident than it did in 1976 that the largest portions of allocated funds will benefit children in the classroom. (Author/APM)

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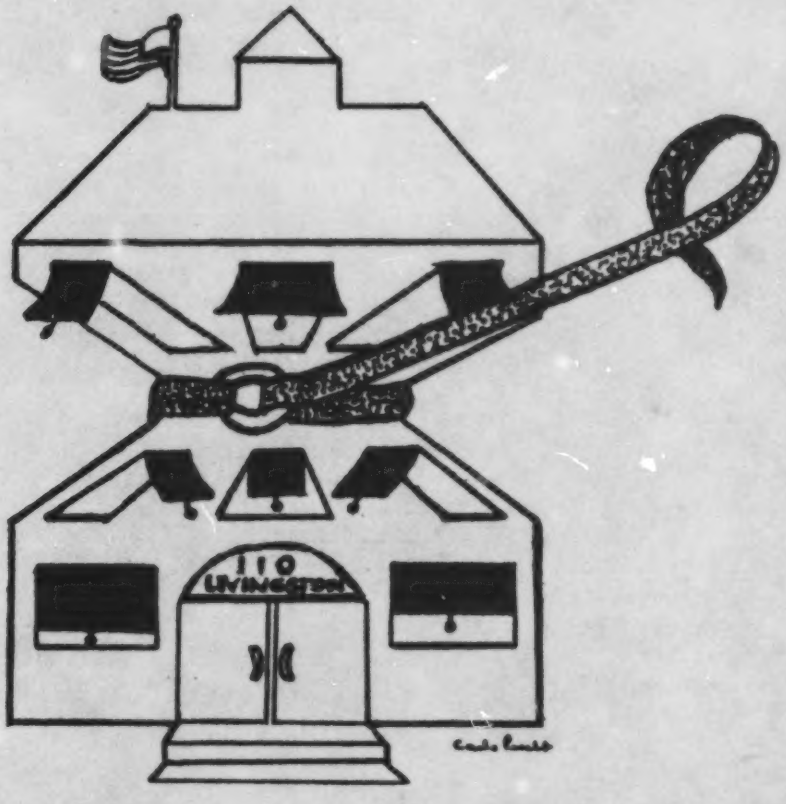

How one agency has responded to the fiscal crisis

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Helen C. Heller, Coordinator
95 Madison Avenue
New York NY 10016
(212) 685-3563

INTERFACE, Staff
251 Park Avenue South
New York NY 10010
(212) 674-2121

The Educational Priorities Panel

95 Madison Avenue
New York, NY 10016
(212) 685-3563

Helen C. Heller, Coordinator

Advocates for Children
Alliance for Children
American Jewish Committee, New York Chapter
ASPIRA of New York
Association for the Help of Retarded Children
Citizens' Committee for Children of New York, Inc.
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Management Staff - INTERFACE

251 Park Avenue South
New York, NY 10010
(212) 674-2121

Stanley Litow
David Lebenstein
Norman Chung
Robin Willner
Susan Amlung
Carla Precht

Administrative Assistant
Sandra Moore

PRIORITIES
PANEL

95 Madison Avenue
New York NY 10016
(212) 685-3563

INTERFACE, Staff
251 Park Avenue South
New York NY 10010
(212) 674-2121

BELT-TIGHTENING AT 110 LIVINGSTON STREET:

HOW ONE AGENCY HAS REPONDED

TO THE FISCAL CRISIS

MAY, 1981

ubo 21626

Robin Willner - Project Director
Toni Porter - Consultant
Susan Amlung - Editor

MEMBERSHIP: Advocates for Children • Alliance for Children • The American Jewish Committee • ASPIRA of New York • Association for the Help of Retarded Children • Citizens Committee for Children of New York, Inc • The City Club of New York • City-Wide Confederation of High School Parents Associations • Coalition of 100 Black Women • Community Council of Greater New York • Community Service Society • Junior League of Brooklyn • Junior League of New York City, Inc • League of Women Voters • NAACP • New York Urban Coalition • New York Urban League • Parents Action Committee for Children • Presbytery of New York City • Public Education Association • Queensboro Federation of Parents Clubs • Rheedlen Foundation • United Neighborhood Houses • United Parents Associations • Women's City Club of New York

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CONTENTS

	Page
Summary	i
Counting Heads at the Board of Education: Payrolls and Budgets	1
Methodology	3
FY 1980 Budgets: The Planning Tools	7
Payrolls: Reality Intrudes	15
The Board of Education: Five Years After the Fiscal Crisis	27

BELT-TIGHTENING AT 110 LIVINGSTON STREET
HOW ONE AGENCY HAS RESPONDED TO THE FISCAL CRISIS
1976-1980

SUMMARY

The fiscal crisis in 1975 was traumatic for the Board of Education. In one year, 11% of its personnel were cut. More than 7,000 positions were eliminated in elementary and intermediate schools; 2,200 positions were eliminated in high schools; 700 positions were lost in special education.

In response to this alarming reduction in instructional services, twenty-five civic groups joined together as the Educational Priorities Panel to monitor the education budget in New York City. Its very first report in 1976 documented disproportionate cuts in instructional services and identified spending patterns which favored administrative functions.

For the past five years, the EPP has consistently argued for maintaining and enhancing instructional services in the school system. It has suggested where savings could be achieved, how to improve services, where functions could be streamlined. It is now appropriate to reappraise staffing patterns at the Board. What changes have occurred in the school system since 1976? How did the Board reallocate its staff in 1980 when it was faced with a $110 million deficit? What were the Board's priorities for staffing in 1980?

EPP's analysis of payroll and budget data reveals that, by and large, since 1976, the Board has executed a policy of supporting instructional rather than administrative services. When cuts were

necessary, administrative or ancillary units were more frequently the target than were instructional services. In 1976, nine of ten employees in the system were assigned to instruction; the same ratio exists today. But dramatic changes have occurred in the school system. Student enrollment has declined 13%. More than 50 schools have been closed. The federal government has imposed costly new mandated programs -- most notably for special education. And the system has had to absorb annual cuts to help the city's struggle to achieve a balanced budget.

Where were savings achieved? The Board reduced its total staff by 4% net between 1976 and 1980. Administrative and ancillary staff decreased by 16%. The largest share of the cuts occurred in ancillary services where positions were eliminated in school lunches and pupil personnel. The central administration sustained a net loss of 11% of its staff, as the Business and Administration, Curriculum and Instruction, and the Bureau of Supplies were reduced in size. School Buildings lost 8% of its staffing, primarily from custodial services and repair shops.

The Board also cut instructional services. Staffing in the elementary and intermediate schools was reduced by 4%; in the high schools by 8%. Part of this decline is accounted for by a decrease in enrollment. Nevertheless, the level of instructional services has declined, but not as markedly as administration.

The Board followed a similar pattern of cutting administrative rather than instructional services in 1980 when it attempted to resolve its $110 million deficit. As in the preceding five-year

period, the Board reduced staffing in administrative and ancillary services to achieve necessary savings. Staff was cut in the central administration by 12% primarily from offices where cuts had been made in the past: Business and Administration, Curriculum and Instruction, and the Bureau of Supplies. Services were cut again in school lunches and pupil personnel, custodial services and repair shops. And staffing levels in the Division of Special Education, the original source of the deficit, grew dramatically by 35%.

What priorities can be inferred from these decisions? Overall, for the past five years, the Board has chosen to support teaching staff rather than administrative staff. Despite increasing fiscal pressures, it has adhered to a policy of maintaining instructional services instead of administrative and ancillary services. The EPP applauds this policy and supports the Board's efforts to maintain the level of instructional services in New York City.

However, our analysis has identified several disconcerting problems. It would appear that only absolute necessity and outside pressures cause the Board to reduce its administrative staff. For example, some of the administrative cuts promised by the Board to help resolve the 1980 midyear deficit were never completed when it appeared that the deficit would not be as great as predicted. An opportunity to save money, not only that year, but on a recurring basis, was therefore lost when the pressure was lifted. Furthermore, despite cuts in every area except special education, the Personnel office has continued to grow. Between 1976 and 1980, the number

of lines allocated to Personnel increased by 13%. In 1980, when other units in the central administration sustained net losses, Personnel grew by 22%. The expansion of this unit is difficult to understand in the light of other administrative cuts. Its growth during a period of systemic contraction is even more anomalous.

It should be noted here that increases in other offices were attributed to reorganizations and new functions. Whether these changes resulted in greater efficiencies was not investigated for this study.

Our review of payrolls and budgets has also underscored the absence of reliable analytical data on staffing in the school system. Headcount reports published by the Board do not provide breakdowns of all personnel by appropriation units nor do they clearly distinguish between personnel assigned to teaching or administrative functions. Cross references for title changes are not routinely available. Furthermore, because headcount reports do not carry previous totals, it is difficult to conduct trend analysis.

This lack of straightforward published data makes it difficult to see the positive results of Board actions. Moreover, it gives the impression that the Board is incapable or unwilling to provide information on its programs.

EPP recommends the following:

1) The Board should make every effort to reconcile its data and make them as comprehensive as possible.

2) The Board should investigate the causes for the growth in the Division of Personnel and attain greater efficiency in this office.

3) The Board, as well as the public, should remain vigilant in monitoring its administrative expenditures.

Nevertheless, overall, the EPP now feels much more confident than it did in 1976 that the largest portion of funds allocated to the Board of Education will reach children in the classroom. And, as parents and taxpayers, we will continue to advocate and monitor a lean and efficient administrative budget at 110 Livingston Street.

COUNTING HEADS AT THE BOARD OF EDUCATION: PAYROLLS AND BUDGETS

How many people work for the New York City Board of Education? The answer should be simple, but, as with so many other numbers in the public sector, it depends on where you look and what you are counting. Budget analysts will argue that the answer can be found in budget documents. Payroll personnel will cite several different totals, and qualify their responses with references to annual or hourly status and payroll banks.

The question of how to count heads is fundamental to larger issues surrounding the management of school systems in the 1980's. In this era of increasing fiscal constraints school boards have to make difficult decisions about allocation of resources. Should priority be accorded teachers, support personnel or administration? The difficulty in making these decisions is compounded when accurate current information is not available.

These difficult issues are complicated by rising costs for necessary operating expenses and mandated programs, which absorb a large proportion of the school budget. At the same time, school systems are faced with the competing demands of the school community -- increased instructional services, effective management, and more support services. Within this setting, school boards must attempt to strike a balance.

The allocation of resources between teachers and administrators serves as an important index of a school system's priorities. But it is equally important to examine the allocation of resources

within instructional and administrative units. These numbers provide some evidence of decisions to support particular units or divisions at the expense of others. Conversely, the reduction of the size of some units often reflects beliefs that these services are less important.

Six years ago, just after substantial contraction of the Board of Education budget made necessary by the city's fiscal crisis, the Educational Priorities Panel undertook an analysis of the Board's spending priorities as reflected in the targets of major cutbacks. It found that cuts in instructional services far exceeded those in administration. Thus, it began its campaign to insure that the quality of education in New York City was re-established. It has consistently argued for reductions in administrative units rather than schools and for better management at the Board of Education. It is now appropriate to reappraise the Board's priorities.

This report seeks to answer several questions. What are the Board's priorities for staffing? What changes occurred at the Board during 1980 when it incurred a potential $110 million deficit? What impact have consistent reductions in staff since 1976 had on the school system? And, finally, what policies can be inferred from the Board's staffing decisions?

The report is divided into four sections. The first section presents the methodology and some of the difficulties involved in determining how the Board allocates its resources. The second section analyzes staffing patterns in the budgeting process through examination of budget documents in FY 1980. The third and fourth

sections deal with a comparison of planned allocations in budget documents and the actual allocations in payrolls. In the third section, discussion focuses on the Board's adjustment to the midyear deficit in FY 1980; the fourth, on the Board's priorities four years after the fiscal crisis. Finally, some recommendations for the future are made.

METHODOLOGY: ANALYSIS AND SOME DIFFICULTIES

There are two sets of basic documents which provide information on expenditures and staffing at the New York City Board of Education. The first set consists of budgets which show how much money will be spent and for whom. The second set consists of payrolls which document how much money has been spent and for whom. Budgets are planning tools which initially represent the way in which an organization anticipates it will spend its revenues; payrolls are accounting tools which record how an organization is actually spending its money. Budgets and payrolls are both static and dynamic: they permit a snapshot of the status of anticipated and actual expenditures at a given point in time, but they are shifting continually to reflect changing realities. Therefore, it is important to look at several budget and payroll documents over time.

This study compares staffing patterns and expenditures for administrative and instructional functions for FY 1980 in four budget documents and three payrolls. The four budget documents include the Executive Budget, the Approved Budget, the Budget as modified and the Final Budget. The Executive Budget is the Mayor's

proposal for spending. The Approved Budget includes all changes made by the City Council and Board of Estimate. The Budget as modified reflects the changes made in the first half of the fiscal year. The Final Budget represents the allocations at the close of the fiscal year. The three payrolls include the the Pension and Tax Tapes (Pentax) effective June 1980; the Monthly Financial Statements generated by the Office of Budget, Operations and Review at the Board of Education, and June 1980 headcount reports produced by the Payroll office. In addition, the audited statement of the Board of Education, Monthly Financial Statements submitted to the Financial Control Board by the City of New York, and Financial Control Board reports were reviewed. To assess changes in the distribution of personnel between 1976 and 1980, FY 1976 Board of Education headcounts were compared with 1980 headcounts.

There are several factors which complicate analysis of administrative and instructional services at the Board. The first is a function of the school system's relationship to the city; the second, the nature of the budgeting process; the third, the nature of the collective bargaining process.

In New York City, the Board of Education does not have its own tax base; it is fiscally dependent on the City for local revenues. The City allocates a share of its budget to the Board of Education just as it does to other city services such as sanitation and police. But the Board of Education is not a mayoral agency like the Sanitation Department. It is governed by an independent appointed Board of Education, which is autonomous and not responsible to the Mayor. The City's lack of direct control over the

school system presents management problems because it cannot direct Board spending. Nevertheless, if the Board runs a deficit, the City must pay.

To reduce the potential for such fiscal overruns, the City routinely monitors Board revenues and expenditures in its computerized accounting system, the Integrated Financial Management System (IFMS). The Board also maintains an accounting system of its own, the Business and Accounting Computer Information System (BACIS), which was developed prior to the City's.

The existence of two systems, albeit compatible ones, sometimes results in conflicting data on the status of revenues and expenditures. Delays in entering data into one or another system mean that the Board's headcount or expenditure reports will differ from those of the City. Policy differences about how and when revenues should be recorded mean major discrepancies between revenues counted by the Board and those credited by the City. Disparities in the levels of detail generated by BACIS and IFMS reports result in confusion about total personnel or expenditures. The discrepancies between Board reports and City reports exacerbate confusion about the Board's financial condition.

The second problem is a function of the budgeting process at the Board of Education. The budget lays out expected expenditures on an annual basis for specific functional areas and responsibilities. The relationship between budgeted items and actual expenditures depends on the rate at which expenditures are incurred and how these expenses are carried. The Board is required by statute to use a "modified accrual basis" for accounting. Revenues are recorded

when they are received in cash unless they are "measurable and available to finance operations,"[1] or materials have been ordered but not received. Expenditures are recorded when obligations for purchases are made or when the contract is signed rather than when they are received or payment is actually made. Thus, both revenues and expenditures are recorded prior to the actual receipt of revenues or goods and services. Such a system creates problems for analyzing expenditures since it is difficult to know how much money has actually been spent.

There are similar problems in determining the number of employees. Actual changes in personnel are not reflected in the payroll until two months after the action has been taken; modifications in the budget which affect the permissable number of individuals on budget lines are not translated into payroll terms for three or four months.[2] Moreover, more than one individual can fill a budget line, as, for example, a per diem substitute hired temporarily to fill the line of an absent teacher. Since the number of individuals on the payroll changes from day to day, there is frequently a lag between the actual number of employees and the budgeted number of employees. Thus, the over budget condition of one unit or the under-budget condition of another may simply represent a delay in the processing of terminations or hirings, or some temporary circumstances.

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[1]Peat, Marwick, Mitchell, and Company, Statement of Expenditures and Encumbrances and Statement of Non-City Revenue, Year Ended June 30, 1980

[2]From an interview with Joe Guarinello, January 5, 1981.

The role of collective bargaining in complicating analysis of the distribution of personnel is apparent on two levels. First, in those years when contracts are negotiated, the size of the contract awards presents an awesome budgeting unknown. Until final agreement is reached, neither the Board nor the City can accurately anticipate expenditures. Second, the City and through it, the Board of Education, negotiates with 40 separate unions. Board payrolls and budgets are structured around union contracts (and the corresponding salary and benefit scales) with separate categories for pedagogic, administrative, hourly and custodial personnel. These distinctions do not necessarily correspond to the functions that staff perform but rather to distinctions made by the union. There are pedagogic lines in administrative units and administrative lines in units which serve instructional functions. Thus, it is difficult to draw clear distinctions between personnel performing instructional functions and actual administrative personnel.

BUDGETS FOR FY 1980: THE PLANNING TOOLS

I. The Executive Budget FY 1980

In February, 1979, the Mayor proposed a $2.3 billion budget for the New York City Board of Education. Fully $1.9 billion was allocated to personal services which includes salaries, fringes, and lump sum allowances for contractual obligations and nonpensionable cash allowances. This budget provided for a total of 66,879 annual employees, of whom 94% were to be paid from city tax levy funds or state operating aid that is non-categorical or non-reimbursable funding. (Table 1)

TABLE 1

Distribution of Annual Tax Levy Employees by
Unit of Appropriation
FY 1980

		Executive Budget		Approved Budget	
		#	%	#	%
201:	District Instruction & Administration	33,864	54%	33,864	54%
203:	Division of High Schools	14,891	24	14,891	24
205:	Division of Special Education	6,879	11	6,879	11
207:	Ancillary Services[1]	2,731	4	2,731	4
209:	Division of School Buildings	2,724	4	2,724	4
211:	Central Administration Activities	1,715	3	1,715	3
TOTAL		62,804	100%	62,804	100%

[1]Ancillary services includes 675 other positions for school lunch.

Sources: Executive Budget, FY 1980, City of New York
Approved Budget, August 1979, Office of Budget Operations and Review, Board of Education, City of New York

According to this budget, nine in ten tax levy employees were assigned to instructional services. Slightly more than half of the city tax levy positions was allocated for District Instruction and Administration (UA 201), the appropriation unit which includes teachers and administrative staff for the elementary and intermediate schools. Another quarter was allocated to the Division of High Schools (UA 203) for teachers, administrators and some support services in the high schools, and approximately 11% was allocated to the Division of Special Education (UA 205), which is responsible for the education of handicapped children.

The remaining positions were distributed almost equally among the three units of appropriation for administration. The central administration (UA 211) was allocated 4% for planning, budget and business offices. Another 4% was distributed to the Division of School Buildings (UA 209) which manages the school plant; the remainder were allocated to ancillary services such as transportation, lunches, safety and guidance provided to all levels of the systems.

II. The Approved Budget FY 1980

Negotiations between the City Council, the Board of Estimate and the Mayor's office resulted in an Approved Budget with a 1% increase over the Executive Budget in the dollars for personnel costs at the Board of Education (including $15 million for District Instruction and Administration and $5 million for the Division of High Schools), but the number of budgeted positions remained unchanged. (Table 2)

TABLE 2

Distribution of Personnel Services Expenditures by
Unit of Appropriation
Executive and Approved Budgets
FY 1980

		Executive	Approved	Difference
201:	District Instruction & Administration	$738,281,389	$753,281,389	+$15,000,000
203:	Division of High Schools	323,652,785	328,652,758	5,000,000
205:	Division of Special Education	162,958,966	162,958,966	-
207:	Ancillary Services[1]	59,105,425	59,105,425	-
209:	Division of School Buildings	118,279,282	118,279,282	-
211:	Central Administration Activities	41,310,615	41,310,615	-
213:	Reimbursable Programs	178,999,195	178,999,195	-
770:	CETA	26,811,250	26,811,250	-
TOTAL		$1,855,620,300	$1,875,620,300	+$20,000,000

Sources: Executive Budget, City of New York, FY 1980.
Approved Budget, August 14, 1979, Office of Budget Operations and Review, Board of Education, City of New York

The Executive Budget lists positions by budget code and title but does not distinguish between pedagogic and administrative status. The BACIS Approved Budget, however, provides some indication of the distribution between pedagogic and administrative positions. Of the full-time city tax levy positions approved in the budget, almost nine in ten were for pedagogic lines (005). This percentage corresponds closely to the share of positions allocated to those units which provide instructional services and affirms the observation that the overwhelming majority of the staff at the Board of Education are licensed as teachers. (Table 3)

Indeed, the three appropriation units which serve primarily instructional purposes are dominated by pedagogic positions. In District Administration and Instruction, 99% of all positions are pedagogical; 98% of the positions in the High Schools fall in this category; and 96% of the positions at Special Education are pedagogic lines.

The small percentage of administrative lines in these divisions is generally allocated to administrative functions. In the Districts, for example, two thirds of the administrative positions are assigned to local administration of community school district offices; similarly, most of the administrative positions of special education are assigned to finance and management and the hearings unit.

Pedagogues vs. Administrators

However, the distinction between pedagogic and administrative functions is not as straightforward in administrative services as in instructional services. Approximately 18% of all employees, or

TABLE 3

Distribution of Annual Pedagogic and Administrative Employees in the Approved Budget by Unit of Appropriation FY 1980

		Pedagogic		Administrative	
		#	%	#	%
201:	District Instruction & Administration	33,380	99	484	1
203:	Division of High Schools	14,626	98	265	2
205:	Division of Special Education	6,623	98	256	2
207:	Ancillary Services[1]	325	12	2,406	88
209:	Division of School Buildings	8	<1	2,716	99
211:	Central Administration Activities	302	18	1,413	82
TOTAL		55,264	88	7,540	12

Source: Approved Budget, August 14, 1979, Office of Budget Operations and Review, Board of Education, City of New York

342 of the 1,715 employees in Central Administration, are on pedagogic lines. (Table 4)

In some offices the reason for using teachers for these functions is clear: more than a third of the pedagogic slots are assigned to either the Office of Curriculum and Instruction, which plans curriculum for general subject areas, or the Offices of Bilingual Education and Career Education. Another 12% is assigned to the Board of Examiners which administers licensing tests for teachers.

The other administrative office which accounts for a high proportion of teaching lines is the Deputy Chancellor's office: one fifth of all teachers in Central Administration are located here. Of the 63 pedagogic lines in the Deputy Chancellor's office, 13 are assigned to the Office of Student Information Services which collects and processes student register and test data. The remainder are assigned to such offices as Budget Operations and Review, Legal Services, and Labor Relations where the role of individuals prepared to teach is not as readily apparent.

The function of licensed teachers in other central administration offices is also somewhat more ambiguous. The most obvious cases include Business Administration and Personnel, both of which are responsible for staff functions. More than half of the teachers in Business Administration are located in the Data Processing office; the majority of teaching lines in Personnel are located in the Medical Bureau and the Office of the Executive Director.

There also appears to be an inefficient allocation of teachers within several ancillary services. Approximately 12% of the 2,731 positions in ancillary services are pedagogic. Of these, more than

TABLE 4

Distribution of Pedagogic and Administrative Positions in Central Administration Activities

Approved Budget
FY 1980

	Pedagogic		Administrative		Total	
	#	%	#	%	#	%
Board of Education	--	--	52	100%	52	100%
Chancellor	29	27%	78	73	107	100
Community School District Affairs	15	44	19	56	34	100
Curriculum and Instruction	115	49	111	51	216	100
Board of Examiners	36	32	76	68	112	100
Deputy Chancellor	63	26	179	74	242	100
Personnel	32	15	176	85	208	100
Business and Administration	22	3	722	97	744	100
TOTAL	302	18%	1,413	82%	1,715	100%

Source: Approved Budget, August 14, 1979, Office of Budget Operations and Review, Board of Education, City of New York

half are teachers assigned to what was then the Bureau of Child Guidance. But fully one third of the pedagogic lines in ancillary services are assigned to attendance administration and school lunches, functions which do not appear to require teaching skills.

The use of individuals with teaching licenses for nonpedagogic functions is often questioned. When licensed teachers are assigned to administrative positions, they often prefer to maintain their pedagogic status because of their benefit package and seniority status.

III. The Planning Tool 12 Months Later: The Final Budget FY 1980

Budget analysts at the Board of Education maintain that FY 1980 was not a representative year and a rough cataloging of the numbers bears them out. The final budget as modified for personnel services was $2.1 billion, $210 million more than the budget approved in June 1979.[1]

This 11% increase resulted from three principal factors: unanticipated enrollments and expenditures for special education, inaccurate projections for overall student enrollment, and unanticipated transportation costs.[2] The reasons for the deficit in these areas will be explained more fully below, but some note should be made of the dollars involved. The largest dollar increases occurred in the budgets for the districts and for special education, each of

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[1]Final Budget, October 31, 1980, Office of Budget Operations and Review, Board of Education, City of New York

[2]Educational Priorities Panel, Service Cuts and Budget Deficits in New York City Schools: 1979, November 27, 1979.

which grew by $24 million, while the budget for ancillary services (which includes transportation costs) rose by $21 million. When the dollars are translated into percentage terms, the relative size of the increases are reversed and ancillary services received the greatest percentage increase -- up a third, compared to special education's growth of a fifth, and the significantly smaller growth of 4% in the budget for the Districts.

What caused these budget changes? Some of the increase was appropriated for a total of 2,900 new budgeted positions, a 4% rise over the beginning of the year. But the relatively small aggregate increase obscures the radical changes which occurred at the Board of Education during the twelve months of FY 1980. The deficits were incurred first in September, as a result of unanticipated enrollments in the Districts and an underfunded base budget. In December the deficit grew as the Board evaluated and placed students on special education waiting lists and incurred the related costs for instruction and transportation. Finally, in the spring of 1980, the Board experienced unexpected fuel costs. To cover these, the City agreed to provide the Board with additional funds on one condition: that the Board achieve $23.8 million in savings through cuts in services and personnel. Of this total, the Board was required to achieve almost $6 million in personnel costs through layoffs, attrition, and freezes. At the same time, the Board was required to eliminate 150 positions in administrative and support services.

In response, City tax levy positions in the budget were reduced in ancillary services, school buildings, and central administration. In total, 552 budgeted positions were eliminated. The Board reached its target for freezing pedagogic lines by February, 1980. By June, the Board had achieved its goal of eliminating 150 administrative lines from the budget. New positions were added to the three instructional units -- the districts, high schools and special education. (Table 6) The net increase was 2,348 positions. (Table 5)

Instructional Services vs. Administration

Necessarily, special education was the beneficiary of the greatest increase in budgeted personnel to serve the large numbers of newly placed special education students. The number of positions assigned to the Division of Special Education grew by 35% from 6,879 to 9,315. Additional teaching lines were provided for classes for the emotionally disturbed, the neurologically impaired/emotionally disturbed, resource rooms and hospital instruction. New positions were also allocated for the appeals unit, committees on the handicapped and central support.

The number of positions in the District budgets increased by 111, less than 1% over the original approved budget. More than half were assigned to teaching special needs students at junior high schools, while most of the remainder were allocated for the district offices. In the high schools, the majority of the new positions were allocated for teaching lines in academic high schools.

TABLE 5

Distribution of Annual Tax Levy Position by
Unit of Appropriation
Approved and Final Budgets
FY 1980

		Approved	Final	Difference	
		#	#	#	%
201:	District Instruction & Administration	33,864	33,975	+ 111	+ .3%
203:	Division of High Schools	14,891	15,244	+ 353	+2%
205:	Division of Special Education	6,879	9,315	+2,436	+35%
207:	Ancillary Services[1]	2,731	2,574	- 157	-6%
209:	Division of School Buildings	2,724	2,535	- 189	-7%
211:	Central Administration Activities	1,715	1,509	- 206	-12%
TOTAL		62,804	65,152	+2,348	+4%

Sources: Approved Budget, August 14, 1979, Office of Budget Operations and Review, Board of Education, City of New York

Final Budget, October 31, 1980, Office of Budget Operations and Review, Board of Education City of New York

TABLE 6

Distribution of Annual Tax Levy Positions for
Central Administration and Ancillary Services

Approved and Final Budgets
FY 1980

	Approved	Final	Difference	
			#	%
Ancillary Services	2,731	2,574	-157	- 6%
Transportation	63	80	+ 17	+27%
Food Services	2,259	1,766	-493	-22%
Pupil Personnel	409	728	+319	+78%
School Safety	23	45	+ 22	+96%
Attendance	155	183	+ 28	+18%
Educ./Voc. Guid.	12	12	--	--
Bureau of Child Guidance	219	488	+269	+123%
Central Administration				
Board of Education	52	52	--	--
Chancellor's Office	107	104	- 3	-<1%
Deputy Chancellor	242	209	- 33	-14%
Personnel	208	254	+ 46	+22%
Board of Examiners	112	110	- 2	- 2%
Curriculum & Instruction	172	114	- 58	-34%
Bilingual Education	24	25	+ 1	+ 4%
Career & Occ. Education	20	11	- 9	-45%
Community School District Affairs	34	27	- 7	-21%
Business & Administration	469	379	- 90	-19%
Bureau of Supplies	257	206	- 51	-20%
Retirement Claims	18	18	--	--
TOTAL	1,715	1,509	-206	-12%

Sources: Approved Budget, August 14, 1979, Office of Budget Operations and Review, Board of Education, City of New York

Final Budget, October 31, 1980, Office of Budget Operations and Review, Board of Education, City of New York

Final budget numbers indicate that of the three units with a net loss of positions, the central administration was most severely affected with a net loss of 206 or 12% of its staffing. (Table 6) Within Central Administration, Business and Administration was the hardest hit with a net loss of 141 positions primarily from the Bureau of Supplies (51), Data Processing (25), Accounting (20), and Payroll (10). The Division of Curriculum and Instruction also suffered a substantial net loss of personnel with a drop of 31%. The cuts in other offices were not as great.

However, two units within the Central Administration were spared. The number of positions assigned to the lay Board of Education remained unchanged. And Personnel grew by 22% with the acquisition of new lines for the Office of the Director and the Office of Pedagogy.

The two other units affected by the cuts were the Division of School Buildings and Ancillary Services. School Buildings lost almost half of its budget lines for custodial service as well as lines in the repair shops and the Bureau of Construction, although positions were eliminated in every unit. Ancillary Services suffered a 6% net loss of personnel, but School Lunches was the only unit where it was substantial. Of its original 2,259 annual tax levy positions, school lunch lost 22% -- primarily from junior and senior high school programs. In addition, two thirds of the lines in school lunch administration were eliminated. At the same time, the number of positions at School Safety doubled, and there was a 27% growth in Transportation.

Pedagogues vs. Administrators

How did these cuts affect the distribution of personnel among units or between pedagogic and administrative positions? The share of annual city tax levy positions assigned to the six appropriation units shifted slightly with a 3% increase for special education and a 1% decline for central administration and the districts, but the total percentage of tax levy positions assigned to instructional areas remained at 90%. The growth in special education offset the elimination of pedagogic lines in other areas: consequently, the nine-to-one teacher/administrator ratio was maintained.

It appears, then, that despite dramatic changes, the Board maintained its budgetary commitment to instructional services. Necessary cuts were taken in non-critical administrative areas such as Business and Administration, School Food Services, and Curriculum and Instruction. Increases were made in Special Education, the Districts, and the High Schools.

PAYROLLS: REALITY INTRUDES

As we noted earlier, the budget is a planning tool. It shows where the Board plans to make cuts rather than where cuts are actually made. Eliminating a line in the budget represents a planned savings; that saving will not be effectuated until the individuals who fill that line are removed from the payroll. Moreover, if those individuals are shifted to another line, no true savings will be achieved. This section will analyze the changes in the number of employees actually being paid during the

year, the changing number of budget lines or positions discussed in the previous section. Payroll data thus provides a valid measure of whether the Board has achieved its objectives.

Providing a headcount of personnel at the Board should be a simple proposition. One would assume that monthly payrolls include all the necessary information. Yet the very first headcount which the Board prepared for the City's financial monitors in January 1980 was rejected by the City. The Board had counted all individuals on active status rather than the number on paid status and therefore working in their normal capacity at the Board. Despite the Board's efforts to comply with the City's requirements in its next report, the City still did not accept Board headcounts. Instead it relied on reports generated by its own system, IFMS.

Why were the Board's numbers different from the City's? The Board and the City both rely on computerized information systems. Although the Board maintains its own personnel system, the City Comptroller writes the checks for all annual school system staff. Thus, City and Board headcounts differ because of recordkeeping, timing, and personnel control.

The other factor which contributes to the confusion over the number of employees at the Board of Education is the complex nature of the Board's payroll system. The Board maintains eight basic payrolls. Four are payrolls for annual employees; the others include hourly, per diem and prevailing rate personnel. Three payrolls are posted monthly, four bi-weekly, and one weekly. Some payrolls fluctuate seasonally; others do not. A true headcount of all

employees at the Board of Education thus depends on which payrolls rolls are included in the total and when the count is taken.

I. Definitions: 14 Payrolls

The largest payroll in both dollars and employees is the R-740, which includes all pedagogical appointments. The "R-Bank" covers approximately 60,000 annual city tax levy employees and amounts to approximately $120 million a month with fringes. Added to these regular payments are approximately $3.5 million in nonpensionable cash allowances (NPCP's) negotiated in contracts with the UFT. (Table 7) The only large fluctuations in the "R-Bank" occur in February when long-term per diem substitutes are hired to replace teachers in the high schools who have retired but remain on the the payroll.

The two other annual payrolls are the J-740 and the J-741. The J-740 covers the approximately 5,000 annual administrative employees such as clerks and accountants, and totals approximately $2.7 million every two weeks. The J-741 covers all 1,600 annual school lunch employees, half of whom are managers and the rest are school-based personnel. It amounts to $800,000 bi-weekly. The size of the J-741 bank shrinks during the summer months when school-based personnel were not paid but remained on active status in FY 1980.

Of the remaining payrolls, the Z bank, E banks, T bank and DE bank, only one -- the T-740 -- includes annual employees. The T-740 or DE-202 is the largest payroll in dollar terms, totalling $3.5 million every two weeks. It covers the 1,000 employees who work as custodians in the school buildings and their expenses for supplies, equipment, and their approximately 7,000 assistants.

TABLE 7

Distribution of Employees by Payroll
June, 1980

		#	$	
R-740	Annual	62,918	120,000,000	bi-weekly
J-740	Annual	5,004	3,500,000	bi-weekly
J-741	Annual	1,612	800,000	bi-weekly
DE-202	Annual	1,000	3,500,000	bi-weekly
E-bank	Hourly	29,868	3,000,000	bi-weekly
Z-bank	Hourly	919	200,000	weekly
DE-470	Hourly	1,000	500,000	monthly
DE-170	Daily	5,000	2,000,000	monthly
TOTAL		107,321		

Source: Pentax Tapes, June 1980, and Interview Data with Payroll Office, Board of Education

There are four additional payrolls. These cover hourly and per diem employees. The largest -- $3 million every two weeks -- is divided into three units. It is the E-bank and includes approximately 30,000 individuals -- approximately 6,900 hourly school lunch aides, between 12,300 and 14,000 paraprofessionals, principally assigned to classrooms, and approximately 8,000 school aides and guards. Because E-bank employees are paid by the hour, the total number shifts from day to day as individuals take vacations, report in sick, or find full-time work. In addition, individuals who work in more than one program -- as paraprofessionals and school lunch aides, for example -- receive more than one check.

Other hourly personnel are carried on the "Z-bank" (Z-740) and the DE-740 payrolls. The Z-bank, also known as the hourly mechanics payroll, covers the approximately 435 mechanics such as plumbers and steamfitters who are paid prevailing industry wages and approximately 445 hourly administrative employees such as assistant accountants, clerks, and typists. The Z-bank payroll totals approximately $200,000 every week for these 900 employees. The other hourly payroll is the DE-740 which covers hourly professionals who work in after school programs as coaches and advisors. Individuals carried in this payroll are frequently included in the R-740 bank as well. Approximately $5,000 checks per month are cut at the Board for this payroll.

The final payroll is the DE-170 which covers the approximately 5,000 per diem substitutes. This payroll amounts to approximately $2.0 million every month and is totally managed by the Board.

In addition to the eight regular payrolls, the Board also maintains supplemental payrolls to cover unanticipated costs. There are two supplemental custodial payrolls -- one for emergencies (the DE-112) and one to cover the schools after regular school hours (the DE-113). There are also supplemental payrolls for teachers (the W-740 and the S-740), administrators (DE-200) and hourly personnel (DE-400).

In total, the Board posts 14 separate payrolls covering some 105,000 employees. Approximately 66% are annual employees. With the exception of per diem substitutes, the remainder are hourly employees. Of the annual employees, 90% are covered by the R-bank as pedagogic personnel, 7% are covered by the J-740 bank as general administrative employees, 2% are covered by the J-741 school lunch bank, and the remaining 1% are annual custodians. (Table 8)

II. Problems in Analysis

The confusion over the total number of individuals employed at the Board arises from fundamental differences in the ways individuals are counted. The budgets differentiate between pedagogic and administrative lines; the payrolls categorize personnel on the basis of payroll banks. For example, the budgets do not distinguish between school lunch administrators and other administrative personnel; in the payrolls, such employees are carried in three separate banks. The budgets do not include all hourly aides, per diem substitutes and mechanics; the payrolls cover such employees in separate banks. Differences in definitions render counting heads a complex task.

TABLE 8

Distribution of Employees by Payroll
June, 1980

	City Tax Levy	Reimbursable	Total
R-bank	56,794	6,124	62,918
J-740	2,958	2,046	5,004
J-741	1,610		1,612
Z-bank	688	233	919
E-bank	18,629	11,239	29,868
Total	80,677	19,644	100,321

Source: Pentax Tapes, June 1980

This difficulty is compounded by the fact that the city counts only those employees who are paid from city tax levy or intergovernmental funds while the Board counts all such employees plus those for whom it issues checks, such as certain substitutes and hourly employees. Thus, the budgets reflect a total limited to city tax levy employees, those on reimbursable lines, and some hourly personnel, while payroll totals include all employees.

Another problem is related to the fact that neither budgets nor payrolls attribute individuals on grant or categorical program funded lines to functional units. Rather, such employees are carried in district appropriation units -- as CETA employees (770) or as reimbursables (213). Thus, neither budgets nor payrolls reveal where these personnel are working. Moreover, the budget generally underestimates the number of staff who will be employed on reimbursable lines. Since two in ten of the 105,000 employees at the Board of Education are paid on this basis, they represent a significant source of manpower which cannot be included in analysis of staff by function.

III. Payrolls vs. Budgets at Midyear

Comparison of the midyear budget (Budget as Modified) and the February Board of Education headcount yield some insights into the difficulty of reconciling the two documents and the discrepancy between them. The Modified Budget totaled 62,770 annual city tax levy employees. compared to the 64,104 included in the February headcount, a difference of 2%. (Table 9)

TABLE 9

Comparison of Budget as Modified (BAM) and February Payroll
By Unit of Appropriation
FY 1980

		BAM	Feb.[1] Payroll	Difference #	Difference %
201:	District Instruction & Administration	33,582	33,656	- 74	-<1%
203:	Division of High Schools	15,028	15,087	+ 59	+<1%
205:	Division of Special Education	7,245	9,658	+2,413	+33%
207:	Ancillary Services[1]	2,559	1,943	-616	-24%
209:	Division of School Buildings	2,660	2,310	-350	-13%
211:	Central Administration Activities	1,696	1,450	-246	-15%
TOTAL		62,770	64,104	+1,334	+ 2%

[1]Includes 675 other positions for school lunch

Sources: Budget as Modified, FY 1980, Executive Budget, FY 1981 Supporting Schedules, City of New York
Monthly Financial Statements, February 1980, Board of Education, 1980

The number of individuals on payroll is significantly less than the budgeted positions in the three administrative units which suffered from the midyear cuts, indicating that cuts, in fact, had been made. The widest difference between payroll lines and budget positions existed in ancillary services, where the number of payroll positions is 24% less than those budgeted. Within that unit, the greatest discrepancy existed in pupil personnel services where payroll positions were half those budgeted. Some of the gap can be attributed to the organizational shift of Bureau of Child Guidance personnel to the Division of Special Education; some can be attributed to the reorganization of school safety. But, the differential in Food Services represented a true cut in staffing: full-time tax levy budgeted lines for high school and nonpublic school lunches were eliminated.

Instructional Services vs. Administration

The differential in central administration was 15%, but the division was not cut uniformly. Of the 13 offices, seven were affected. The difference between payroll and budget was greatest in absolute terms in the staff offices of Business and Administration, Supplies, and Personnel, where payroll positions were less than those budgeted. In percentage terms, line offices were more severely affected: payroll positions were 25% less than those budgeted for FY 1980 in Curriculum and Instruction and the Board of Education, and 18% in the Deputy Chancellor's office.

Although the Monthly Financial Statements do not provide details on budget codes in School Buildings, comparison of the

June headcounts and budgets indicates that the 13% differential in this division is the result of the cuts in custodial and repair shop offices.

In the three instructional units, the number of individuals on the payroll exceeded the budgeted number. The greatest discrepancy existed in special education where the number of payroll positions was one third greater than those budgeted. Although this difference was substantially reduced by the end of the fiscal year, the midyear condition reflected the Board's continuing inability to accurately project the register for special education services. The discrepancy between payroll and budget in the districts can be attributed to a similar problem. However, it appears that the over-budget condition of the high schools reflected a time lag between budgets and payrolls.

Pedagogues vs. Administrators

Which personnel were cut? Although we can identify those units where the number of employees is less than the planned number, it is somewhat more difficult to establish what percentage of the cuts were taken by administrators or pedagogic personnel from payrolls alone. Similarly, it is not clear whether cuts were taken by hourly or annual employees, since the Board headcount groups all positions in the J-740, J-741, Z-740, and DE-205 banks as administrators without identifying ten-month personnel in the J-741 bank or hourly personnel in the Z-bank. Thus, we cannot establish whether the cuts were taken by full-time administrative personnel or prevailing rate administrators and mechanics. At the same

time, the headcount does not reveal whether these empty budgeted positions remained open or whether they were filled by reimbursable employees. Reliance on reimbursable personnel to fill empty budget lines makes sense from a fiscal perspective because it shifts personnel costs from city to intergovernmental funds. But unless they are noted in accounting documents, such changes cannot be documented.

Nevertheless, it is possible to draw some conclusions about the relative impact of the cuts on administrative and pedagogic personnel. Based on comparison of modified budget and Board headcount totals, the cuts were taken primarily in administrative positions. Payroll positions for full-time administrative lines were fully 9% less than those budgeted; if part-time positions are included, this disparity grows to 19%. In comparison, the number of pedagogic positions exceeded those budgeted by 5%. (Table 10)

The discrepancy in administrative lines was greatest in ancillary services, where it was 22%, followed by central administration and school buildings. Almost 45% of the net difference of 204 positions in central administration existed in Business and Administration and Personnel, while another 20% occurred in the Deputy Chancellor's office. But there was also a wide disparity in the high schools and the districts where the number of employees in administrative lines was 20% less than those budgeted, indicating that some of the cuts were taken in school district administration.

IV. Payrolls vs. Budgets: End of FY 1980

Five months later, the absolute difference between budgeted positions and payroll positions had widened but the percentage

TABLE 10

Comparison of Budget as Modified (BAM) FY 1980 and February, 1980 Payroll by Pedagogues and Administrators

		BAM	Feb.[1] Payroll	Difference #	Difference %
Pedagogues					
201:	District Instruction & Administration	32,988	33,181	+193	+1%
203:	Division of High Schools	14,763	14,876	-113	-1%
205:	Division of Special Education	6,909	9,334	+2,425	+35%
207:	Ancillary Services[1]	348	214	-134	-39%
209:	Division of School Buildings	15	17	+ 2	+13%
211:	Central Administration Activities	341	299	+ 42	+12%
Subtotal		55,364	57,921	+2,557	+ 5%
Administrative					
201:	District Instruction & Administration	594	475	-119	-20%
203:	Division of High Schools	265	211	- 54	-20%
205:	Division of Special Education	336	324	- 12	- 4%
207:	Ancillary Services[1]	2,211	1,729	-482	-22%
209:	Division of School Buildings	2,645	2,293	-352	-13%
211:	Central Administration Activities	1,355	1,151	-204	-15%
Subtotal		7,406	6,183	-1,223	-17%
Total		62,770	64,104	+1,334	+ 2%

[1]Includes 675 other employees

Sources: Budget as Modified, FY 1980, Executive Budget, FY 1981 Supporting Schedules, City of New York
Monthly Financial Statements, February 1980, Board of Education, 1980

difference remained largely unchanged. (Table 11) The June budget reflected the changes which had occurred during the year -- increases in special education, the districts and the high schools, as well as the cuts in ancillary services, administration and school buildings. With the exception of special education and the districts, which were slightly over budget, the number of employees on payroll was less than the planned amount -- even after the budget modifications.

The gap between the budget and the payroll was widest in ancillary services followed by school buildings and central administration, but the percentage difference between planned and actual staff for these units was approximately the same as it had been in February. Moreover, the ratio of teaching to administrative staff remained at nine-to-one, as it had been at the beginning of the year.

Did the Board succeed in eliminating the 150 positions mandated by the City? The Board's Monthly Financial Statements for February through June show a net loss of 534 positions, or a 1% net cut in administrative and pedagogic employees for six appropriation units. (Table 12) Cuts were achieved in the high schools, central administration and school buildings, those units where the Board had proposed cuts would be made. In absolute numbers, the largest cut was sustained by central administration which lost 112 positions. Line and staff offices were hit equally hard. Personnel were terminated in the Chancellor's office, the Deputy Chancellor's office, Curriculum and Instruction, Business and Administration, and Supplies. The only office untouched was Personnel, which gained staff.

TABLE 11

Comparison of Final Budget FY 1980 and June, 1980
Payroll by Unit of Appropriation

		Final	June Payroll	Difference #	Difference %
201:	District Instruction & Administration	33,975	34,007	+ 32	+<1%
203:	Division of High Schools	15,244	14,648	-596	- 4%
205:	Division of Special Education	9,315	9,378	+ 63	+ 1%
207:	Ancillary Services[1]	2,574	1,958	-616	-24%
209:	Division of School Buildings	2,535	2,218	-317	-13%
211:	Central Administration Activities	1,509	1,361	-148	-10%
TOTAL		65,152	63,570	-1,582	- 2%

Sources: Final Budget, October 31, 1980, Office of Budget Operations and Review, Board of Education, City of New York
Monthly Financial Statement, June 1980, Board of Education

TABLE 12

Comparison of February, 1980 Payroll with June, 1980 Payroll
by Unit of Appropriation

		February	June	Difference #	Difference %
201:	District Instruction & Administration	33,656	34,007	+351	+ 1%
203:	Division of High Schools	15,087	14,648	-439	- 3%
205:	Division of Special Education	9,658	9,378	-280	- 3%
207:	Ancillary Services	1,943	1,958	+ 15	+<1%
209:	Division of School Buildings	2,310	2,218	- 92	- 5%
211:	Central Administration Activities	1,450	1,361	- 89	- 6%
TOTAL		64,104	63,570	-534	-<1%

Sources: February Monthly Financial Statement, 1980, Board of Education, City of New York
June Monthly Financial Statement, 1980, Board of Education, City of New York

Payrolls document that the midyear cuts had virtually no effect on the distribution of pedagogic and administrative staff: the teacher-administrator ratio remained at nine to one. Although the ratio in central administration shifted in favor of administrators, it was offset by the shift to increased pedagogues in special education.

However, the Board of Education failed to complete the actions to reduce the deficit in three areas. The June Monthly Financial Statements show that the Board had laid off only 140 of 150 administrators; the hiring freeze on vacancies was only 85% effective, and the target of $3 million in OTPS savings was never reached (Chart A). The initial commitment of measures to close the budget gap for FY 1980 was based on a projected deficit. By the end of the year, having obtained all new revenues from the city, state, and federal governments, the Board of Education realized that the projection had been slightly overstated and that in fact the year would end with a minimal surplus, in part due to those reductions that were executed. Not surprisingly, the reaction was to relax efforts to contain spending and to meet the more difficult administrative cuts.

The Board of Education did avoid a budget deficit but the final series of administrative reductions was not implemented and the opportunity to generate recurring administrative savings was lost.

Comparison of the Fentax tapes with the Monthly Financial Statements provides a slightly different picture of staffing at the Board at the end of the fiscal year. There is a difference of approximately 1,500 positions between the two totals. (Table 13)

CHART A

Status Report on FY 1980 Measures to Close the Projected Budget Gap

			January	February	March	April	May	June
1.	Admin. layoffs 150 positions	$ .5 mil.	80 layoffs 15 retirements 95 achieved	23 transfers; reviewing terminations;	updated list	100 terminations	120 removed from payroll	120 removed; 20 expected in July 10 outstanding
2.	Hiring freeze on vacancies	$3.6 mil.	33% of all vacancy freezes received;	40% of all vac. freezes reviewed	budget modification (0344) deleting 50% of positions	budget modifications to OMB for $2.9 mil. or 85% of positions	same	same
3.	Attrition	$1.6 mil.	admin. headcount will reflect fewer positions	all Board hiring controlled thru position-control change notice forms	same	same		
4.	Freeze 90 Pedagogic lines	$ .8 mil.	*achieved by returning salary accruals	-	-	-	-	-
5.	Special Ed. Red.	$5.0 mil.	148 teachers terminated; transfer 320 thru EHA	150 teachers terminated or reassigned; transfer of 272 resource teachers for $3.7 million; 110 positions eliminated	same	*5.0 achieved	-	-
6.	OTPS	$3.0 mil.	$1.0 achieved by retaining accruals;	-	-	-	-	-
				Modifications requested for remaining $2.0 million	budget modifications deleting 30% of cuts prepared for BOR	15% of additional cuts prepared for BOR	45% of requested $2 million cuts to BOR	45% of remaining $2 million cuts forwarded to OMB

* = Measures completed

-25-

CHART A (cont.)

			January	February	March	April	May	June
7.	Continuing Ed.	$2.0 mil.	NYC Youth Board will contract for programs w/Board of Education	meetings w/Div. of High Schools applications requested; materials to community school districts	meetings w/ districts to discuss implementation	DFY probs; no final applications from Youth Board; prob.	same	*reallocated $2 million
8.	Contract Maint.	$3.0 mil.	budget modification prepared deleting $3 million	same	same	modification for $3.0 million forwarded to OMB	* -	-
9.	Food Services	$1.0 mil.	FS has effected required savings	same	same	budget modification for $1.0 million processed & forwarded to OMB		*
10.	Trans.	$2.5 mil.	*achieved through reduction of 21 reg. buses & 47 buses for handicapped	-	-	-	-	-
11.	Custodian Schedules	$.6 mil.	-	budget modification submitted for leases; replaces unattainable cleaning cut	same	modification for $.6 million processed by BOR & sent to OMB	* -	-

* = Measures completed

Source: Monthly Financial Status Reports, New York City Board of Education, January through June, 1980

TABLE 13

Comparison of June Payroll and Pentax Tapes for June, 1980
by Unit of Appropriation

		June Payroll	June Pentax	Difference #	Difference %
201:	District Instruction & Administration	34,007	33,431	-576	- 2%
203:	Division of High Schools	14,648	14,521	-127	- 1%
205:	Division of Special Education	9,378	9,464	+ 86	+ 1%
207:	Ancillary Services	1,958	1,972	+ 14	+ 1%
209:	Division of School Buildings	2,218	1,207	+1,011	+46%
211:	Central Administration Activities	1,361	1,467	+106	+ 8%
TOTAL		63,570	62,062	-1,508	- 2%

Sources: Monthly Financial Statement, June 1980, Board of Education, City of New York,
Pentax Tapes for June 1980

The Pentax tapes show a more dramatic decrease overall in administrative staff than the Financial headcounts, but this is largely accounted for by the drop in positions in School Buildings. In every other unit including the districts, the Pentax shows a larger number of administrative staff than the Board's headcounts. Conversely, the Pentax carries smaller R-740 totals for the districts and special education than the June statement.

The discrepancy between the headcounts is large enough to raise some serious questions about the Board's personnel recordkeeping especially with respect to hourly personnel. It appears that the difference in the totals for administration can be attributed to the drop in prevailing rate mechanics in school buildings, who are carried as hourly annual employees. Since the Monthly Financial Statements do not breakdown administrative categories, this decrease is obscured. Similarly, Monthly Financial Statements do not reflect changes in the total Z-bank payroll. Thus, it is difficult to capture shifts for those hourly employees as well.

The Pentax tapes also show the total number of hours supplied by E-bank personnel by appropriation unit, which the MFS and budgets do not. Although this number fluctuates, the breakdown of employees by divisions provides some indication of those units which rely most heavily on hourly staff.

E-bank staff represent a significant source of manpower especially in the districts and school lunch programs. They also account for a significant share of personnel costs. E-bank staff can be used to maintain services where full-time staff is eliminated.

Thus, a record of the total number of hours can provide some indication of the impact of cuts in services and useful data for personnel planning. Absent such data, the MFS and the budgets reveal an incomplete pattern of services at the Board.

THE BOARD OF EDUCATION: FIVE YEARS AFTER THE FISCAL CRISIS

The fiscal crisis in 1975 was traumatic for the Board of Education. In one year, it lost 11% of its personnel. More than 7,000 positions were eliminated in the districts, 2,200 positions were eliminated in the high schools, 700 positions were lost in special education. Nor were the cuts limited to instructional services. Operating staff was also cut as were offices in the administration.

Since 1976, as the city struggled to balance its budget, the Board has been forced to make further reductions in staff. Potential savings from the decline in student enrollment have been difficult to achieve as costs for fuel, transportation and staff -- all driven by inflation -- have risen. At the same time, the system has had to fulfill mandates for services imposed by the federal government. During these five years, the EPP has consistently argued for maintaining the level of instructional services while reducing the size of administration. Has it succeeded? What effects have the dramatic changes had on staffing at the Board?

Comparison of payroll documents prepared by the Board in 1976 with 1980 payrolls shows very slight decreases in total staff -- ranging from 1% to 3% depending on how the counts are calculated. (Table 14) Pedagogic staff has grown slightly (+ 1%) while

TABLE 14

Comparison of June, 1976 Payroll and June, 1980 Pentax by Pedagogues and Administrators

	1976	1980	Difference #	Difference %
Pedagogues				
Pedagogues R-740	56,769	57,542	+773	+ 1%
Certificated Employees E-744	25	--	-25	-100%
Subtotal	56,794	57,542	+748	+ 1%
Administrators				
Administrative Employees J-740	3,606	2,972[1]	-634	-18%
Annual School Lunch Workers	1,808	1,612	-196	-11%
Mechanics DE-401	520	435	- 85	-16%
Custodians	1,076	1,000	- 76	- 7%
Subtotal	7,130	6,019	-1,111	-16%
TOTAL	63,924	63,561	-363	- 1%

[1]Estimate based on administrative headcount, net school lunch, mechanics, and custodians in Pentax

Sources: 1976 Response to EPP testimony; Board of Education
1980 Pentax tapes

administrative staff including custodians and prevailing wage mechanics have dropped 16%. The teacher-administrator ratio was nine to one in 1976; it remains the same today.

Comparison of budget documents supports similar conclusions. Since 1976, there has been an overall decrease of 4% in city tax levy positions at the Board. Staff has been cut in every area with the exception of special education. But the pattern of cuts that occurred in 1975 has been reversed. (Table 15)

The share of cuts absorbed by administrative and ancillary services now exceeds those sustained by instructional services.

Reconciliation of the 1976 with 1980 appropriation units shows an 11% decrease in administrative lines. (Table 16) Ancillary services incurred the largest proportion of reductions with a net loss of 16%. Positions have been eliminated in the administrative offices for school lunches and pupil personnel. Central administration also sustained a net reduction of 11%, primarily because of cuts in Business and Administration and Curriculum and Instruction. School buildings lost a net 8% of its personnel through cuts in custodial services and repair shops.

In contrast, the number of employees in some offices has increased -- most notably Personnel by 13%; Budget by 140%; Legal Services by 75% and the Board of Examiners by 28%. In most instances the increase can be attributed to reorganizations, where the increase actually offsets a decrease elsewhere. No management analysis was undertaken to determine the net effect of such transfers, either in terms of number of personnel or their improved efficiency. In one case, however, the Division of Personnel, there is no apparent

TABLE 15

Comparison of Tax Levy Positions at the Board of Education
by Unit of Appropriation

	Executive Budget				Budget as Modified			
	1976	1980	Difference		1976	1980	Difference	
			#	%			#	%
Central Admin. Activities	2,142	1,715	-427	-20%	1,910	1,696	-214	-11%
Ancillary Services	3,324	2,731	-593	-18%	3,064	2,559	-505	-16%
School Buildings	3,027	2,724	-303	-10%	2,894	2,660	-234	- 8%
High Schools	16,170	14,891	-1,279	- 8%	15,123	15,028	- 95	- 1%
District Instruction & Administration	35,331	33,864	-1,467	- 4%	36,271	33,582	-2,689	- 7%
Special Education	6,891	6,789	-102	- 1%	6,274	7,245	+971	+15%
	66,885	62,804	-4,081	- 6%	65,536	62,770	-2,766	- 4%

Source: Executive Budget, FY 1976, City of New York
Executive Budget, FY 1980, City of New York
Budget as Modified, FY 1976, Executive Budget, FY 1977
Budget as Modified, FY 1980, Executive Budget, FY 1981, City of New York

TABLE 16

Comparison of Tax Levy Positions at the Board of Education by Responsibility Center
Executive Budget and Budget as Modified[1]
FY 1976 and FY 1980

	Executive Budget		Budget as Modified	
	1976	1980	1976	1980
CENTRAL ADMINISTRATIVE ACTIVITIES				
Central Admin. Activities				
Board of Education	30	23	22	24
Office of Legis. Rep.	3	3	3	3
Office of Sec.	34	26	30	26
	67	52	55	53
Chancellor				
Office of Chancellor	40	40	38	43
Educ. Perf. & Acct.	3	7	9	3
Office of Public Affairs	51	29	41	34
Office of Educ. Eval.	43	31	37	20
Sr. Asst. for Instruction	-	-	-	6
Sr. Asst. for Business	-	-	-	-
	137	107	125	106
Community School District Affairs				
Executive Director	9	11	8	11
Central Zoning Unit	27	17	19	15
Intergrp. Human Rel.	13	6	9	4
	49	34	36	30
Educ. Planning & Support (new Curriculum & Instruction)				
Executive Director	12	12	12	12
Dissemination Unit	-	12	-	12
Planning Unit	-	4	-	4
Center for Health & Phys. Ed.	18	13	12	12
Humanities & Arts	17	29	11	26
Textbooks	9	-	5	-
AV Instruction	36	-	22	-
Math & Science	11	7	7	6
Reading	3	8	3	8
Bilinigual Ed.	42	24	29	22
Career & Occ. Ed.	22	20	16	18
Library & Media	111	50	32	47
Ctr. for School Dev.	-	13	-	13
Advisory Council Occ/Ed	3	3	3	3

[1]Changes in individual responsibility centers (offices) should be considered within the context of their respective subheadings to distinguish between reorganizations and net changes in the number of personnel.

Table 16 (cont.)

	Executive Budget		Budget as Modified	
	1976	1980	1976	1980
Educ. Planning & Support (new Curriculum & Instruction) (cont.)				
Staff Development	8	16	7	13
Boro wide Music Prog.	-	-	-	-
Music	13	-	11	-
School Volunteer	8	5	6	5
Innovative	-	-	-	-
Curri. Dev. & Support	27	-	19	-
Home Economics	11	-	5	-
Foreign Languages	5	-	5	-
The Learning Cooperative	16	-	17	-
	372	216	226	201
Personnel				
Executive Director	7	23	13	26
Appeals & Review	15	7	11	8
College & Community Liaison	12	6	11	8
Field Services	4	5	3	5
Office of Admin. Personnel	26	26	22	28
Office of Pedagogy	44	43	42	53
Teacher Status	15	15	14	17
Staff Services	11	33	11	32
Health/Welfare	7	7	7	7
Medical Bureau	37	26	29	26
Salary Differential & Status	21	17	21	17
Career Training Prog.	-	-	-	6
Personnel Planning	25	-	22	-
	224	208	206	233
Business & Administration				
Executive Director	7	17	8	14
Financial Operations	7	3	7	3
Cash Management	16	15	19	15
Ped. Payroll	121	65	146	62
Non Ped. Payroll	29	43	35	43
Accts. Payable	68	48	64	44
Accounting	15	27	25	22
Retirement Claims	21	18	20	18
Engineering Audit	13	21	12	19
Management Information Systems	178	144	176	133
School Fin. Aid	22	22	26	18
Management Analysis	18	27	17	23
Supp. Services	6	5	5	2
Admin. Services	25	20	29	20
Supplies	353	257	328	242
Unemployment Insurance	-	12	-	12
Review & Control	-	-	-	8
	899	744	917	698

Table 16 (cont.)

	Executive Budget		Budget as Modified	
	1976	1980	1976	1980
Board of Examiners	158	112	92	118
Deputy Chancellor				
Office of Deputy Chancellor	37	12	29	12
Budget Operations & Review	26	61	25	60
Performance Management Unit	22	23	15	19
Office of Ed. Statistics	37	4	46	-
Metrolab (Office of Student Information Services)	-	14	-	11
Labor Relations	23	28	22	32
Auditor General	51	70	77	67
Equal Opp.	6	5	6	11
Legal Services	15	25	1[illegible]	28
CETA Admin.	-	-	-	10
Central Business Office	-	-	-	2
Data Processing	-	-	-	5
Chief Clerk	19	-	17	-
	236	242	253	257
TOTAL CENTRAL ADMIN. ACTIVITIES	2,142	1,715	1,910	1,696
ANCILLARY SERVICES				
Pupil Transportation				
Bureau of Pupil Trans.	44	63	44	64
	44	63	44	64
School Lunch				
Bureau of School Lunch Admin.	541	418	441	194
HS Lunch	412	336	412	-
Spec. Ed. Lunch	-	13	-	172
JHS Lunch	439	429	436	148
Elem. Lunch	756	927	742	1,513
Non Public School Lunch	184	136	156	-
	2,332	2,259	2,187	2,027
Pupil Personnel[1]				
Educ./Voc. Guidance	8	12	14	13
Attendance Admin.	8	65	-	75
Attendance Services	173	73	171	77
Attendance Services, Non-Public	17	17	17	17

[1]School-based guidance counselors are included with instructional services as are district attendance teachers.

[2]In 1976, administrative positions for attendance were included with the attendance teachers. These clerical positions were subsequently moved to "Attendance Administration."

Table 16 (cont.)

	Executive Budget		Budget as Modified	
	1976	1980	1976	1980
Pupil Personnel (cont.)				
Attendance Teachers	-	-	-	-
Office of Pupil Personnel Services Admin.	-	-	-	23
Bureau of Child Guidance (Special Ed)	279	219	181	218
Bureau of Child Guidance Mental Health (Districts)	431	-	428	-
	916	386	811	423
School Safety[1]				
School Safety Admin.	32	23	22	45
HS Safety	-	-	-	-
District Safety	-	-	-	-
	32	23	22	45
TOTAL ANCILLARY SERVICES	3,324	2,731	3,064	2,559
SCHOOL BUILDINGS[2]				
Executive Director	5	16	5	22
Central Staff	-	94	-	99
Operation of School Plants	94	100	92	99
Custodial Service	1,190	1,247	1,213	1,185
Bureau of Maintenance	284	-	284	-
Bureau of Main., Eng., & Admin.	128	224	128	225
Wages, Repair Shop, Mechanics	771	710	771	700
Design & Construction	489	-	401	-
Bureau of Construction	-	147	-	149
Educ. Fac. Planning & Design	66	186	-	181
TOTAL SCHOOL BUILDINGS	3,027	2,724	2,894	2,660

[1]School guards are paid with reimbursable funds from CETA and are included in a separate Unit of Appropriation.

[2]Note that Design and Construction and the Bureau of Maintenance were eliminated in a reorganization and the personnel were redistributed to other offices with a net decrease.

Table 16 (cont.)

	Executive Budget		Budget as Modified	
	1976	1980	1976	1980
HIGH SCHOOLS				
Executive Director	45	15	11	23
Office of HS Supt.	-	-	31	-
Field Supervision (incl. H.S. Supt.-Bx. for 1980)	-	31	-	12
Pupil Services	23	21	18	20
Organ. & Planning	32	35	?	41
Cooperative Education	12	7	7	7
Office of Cont. Educ.	34	2	4	5
Office of H.S. Supt. - Bklyn.	-	-	-	10
Office of H.S. Supt. - Manh.	-	-	-	8
Office of H.S. Supt. - Queens	-	-	-	9
Office of H.S. Supt. - S.I.	-	-	-	10
Day HS Teaching Academic (includes Alternative H.S. for 1980)	11,525	11,646	9,863	11,879
Alternative Schools	100	-	155	-
Harlem Prep	28	-	-	-
Bilingual Educ.	113	115	110	115
Day HS Teaching Sp. Needs	-	720	821	612
Day HS Teaching Voc.	4,226	2,276	4,101	2,256
NY Educ. Info. System	-	21	-	14
Evening HS	1	-	-	1
Summer HS	-	-	-	-
Day HS Extra Curricular	2	2	2	6
Ruppert Educ.	3	-	-	-
Day HS Optional	26	-	-	-
TOTAL HIGH SCHOOLS	16,170	14,891	15,123	15,028
DISTRICTS INSTRUCTION & ADMINISTRATION				
Module 1 - Community School District Administration				
Com. Boards of Ed.	79	61	68	62
Com. Supt.	883	601	729	621
	962	662	797	683
Module 2 - Elem. Instruction				
Admin./Teachers	20,645	16,856	20,941	17,058
Teachers, Spec. Needs	5	820	4	815
Teachers, Bilingual	-	97	-	101
Kindergarten - first grade	-	2,604	1,649	2,266
	20,650	20,877	22,594	20,240
Module 2 - JHS Instruction				
Teachers/ Admin.	13,184	11,666	12,373	11,507
Teachers, Special Needs	5	435	4	438
Bilingual Teachers	299	34	342	41
	13,488	12,135	12,719	11,986

Table 16 (cont.)

	Executive Budget		Budget as Modified	
	1976	1980	1976	1980
Module 2 - Support Services				
Attendance	219	126	161	120
Supportive Services/ Guidance	-	90	-	102
	219	216	161	222
Module 3 - Cont. Ed & Extended Use				
Recreation - Com Ctrs	-	2	-	1
Com. Centers - Summer Progs	-	-	-	-
Distric Inst. & Admin	-	-	-	-
	-	2	-	1
Module 5a - Special Purpose				
Coordination	-	-	-	-
Legal Services	-	-	-	1
Paras (Trans. class size)	12	3	-	5
	12	3	-	6
Module 5b - Special Purpose				
Bilingual	-	394	-	359
School Lunch helpers	?	22	-	2
Cooks	-	12	-	-
kind elem. innovative progs	-	33	-	49
Innovative Progs - JHS	-	8	-	7
Model School Prog.	-	-	-	27
	-	469	-	444
TOTAL DISTRICT ADMIN. & INSTR.	35,331	33,864	36,271	33,582
TOTAL SPECIAL EDUCATION[1]	6,891	6,789	6,274	7,245[2]
GRAND TOTAL	66,885	62,804	65,536	62,770

Source: Executive Budget, FY 1976, City of New York
Executive Budget, FY 1980, City of New York
Budget as Modified, FY 1976, Executive Budget, FY 1977
Budget as Modified, FY 1980, Executive Budget, FY 1981, City of New York

[1]Due to the total reorganization of the Division of Special Education and the restructuring of the budget format, it is not useful to compare the responsibility centers for 1976 and 1980. EPP is preparing a complete expenditure analysis of the Division of Special Education to be released, Spring 1981.

[2]The Budget as Modified is based on mid-winter data. By the end of the fiscal year, there were 9,315 budgeted positions in the Division of Special Education.

justification for the growth. The number of organizational units in the Division of Personnel is the same as in 1976. Nor can the growth be attributed to discrepancies in recordkeeping, as confirmed by comparison of payroll and budget documents.

Instruction has declined also, though not as precipitously as administration. Among the instructional areas, the greatest loss has occurred in the districts, where the total number of lines has declined by 7%. This decrease is significantly less than the 19% drop in student enrollment for grades K-6, and the 15% drop in intermediate school enrollment. However, as the EPP has pointed out in the past, we cannot expect to accrue personnel savings at the same rate as the decline in enrollment. Students do not leave individual schools in groups of thirty children in the same grade. The decrease in enrollment is unevenly distributed throughout the school and throughout community school districts. Thus, even though the number of teachers has declined less than half as fast as the number of students, average class size has, unfortunately, risen slightly. The conclusion also holds in a comparison of direct instructional services with enrollment. Lines for elementary instruction have declined only 10% while those for intermediate instruction have dropped 6%. The 1% drop in the high school is also less than the overall enrollment decline.

In contrast to these areas, the increase in Special Education instructional staff is less proportionately than the increase in handicapped pupils. Since 1976, there has been an overall increase of 15% in Special Education compared to a 49% increase in handicapped pupils.

What are the implications of these changes? The drop in School Buildings reflects reduction of maintenance and custodial staff, consistent with the decrease in the size of the school plant. The Board has also shed several functions for nonpublic schools. At the same time, it has streamlined several management departments, consolidating offices in Business and Administration as well as centralizing pupil personnel and school lunch functions which were formerly housed in the districts and the high schools. And the number of teachers -- largely because of special education -- has increased.

Conclusion and Recommendations

These changes point to a policy of maintaining the level of instructional services rather than administrative services; of keeping teachers rather than administrators. The Board has adhered to this position rather consistently, even during the difficult fiscal strains of last year. However it has not done all that it could do, as exemplified by its failure to follow through on proposed savings.

Considering that the Board has generally attempted to reduce administration, makes it all the more difficult to explain the growth of the Division of Personnel. Although the growth of the Division of Special Education has required significant numbers of new hires, the total number of Board of Education employees has been reduced by 4% since 1976. The number of pedagogic employees has increased by 1%. It is imperative that the Board of Education examine the management of the Division of Personnel, particularly the growth (BAM FY'76-FY'80) in the Office of the Executive Director (13 positions or 100%), the Office of Pedagogy (11 positions or 25%), and

the Office of Administrative Personnel (6 positions or more than 25%). These increases do not seem justified by the overall change in the workload of the Division. The implementation of a new Human Resources Information System should be a vehicle for reducing these offices and not creating the need for new positions.

In light of the progress made by the Board, it is a shame that two failings mar its performance -- the inaccuracies of its data and the growth in the Division of Personnel. Therefore, the EPP recommends the following:

1. The Board should make every effort to reconcile its data and make them as comprehensive as possible.
2. The Board should investigate the causes for the growth in the Division of Personnel and attain greater efficiency in this office.
3. The Board, as well as the public, should remain vigilant in monitoring its administrative expenditures.

Nevertheless, overall, the EPP now feels much more confident than it did in 1976 that the largest portions of funds allocated to the Board of Education will benefit children in the classroom. As we have in the past, we will continue to advocate the paring of the administrative budget wherever possible and to monitor the implementation of those fat-trimming activities.